

TEXAS APPRAISER LICENSING  
AND CERTIFICATION BOARD

vs.

JOSHUA STONE BAUGHER  
TX-1331720-L§  
§  
§  
§  
§  
§  
§DOCKETED COMPLAINT NO.  
05-089 & 07-030**AGREED FINAL ORDER**

On this the 10th day of DECEMBER, 2007, the Texas Appraiser Licensing and Certification Board, (the Board), considered the matter of the license of Joshua Stone Baugher, (Respondent). The Board makes the following findings of fact and conclusions of law and enters this Order in accordance with TEX. OCC. CODE § 1103.458:

**FINDINGS OF FACT**

1. Respondent Joshua Stone Baugher was a Texas state licensed real estate appraiser, previously held license number TX-1331720-L, and was licensed by the Board during all times material to the above-noted complaint cases.
2. Respondent is subject to the jurisdiction of the Board, the Texas Appraiser Licensing and Certification Act, TEX. OCC. CODE § 1103 et. seq. (the Act), the Rules of the Board, 22 TEX. ADMIN. CODE §§153, 155, 157 (the Rules), and the Uniform Standards of Professional Appraisal Practice (USPAP) in effect at the time of the appraisal.
3. Since the time of these complaints, Respondent's state license as a real estate appraiser has expired and Respondent no longer desires to hold a license, certification, authorization or registration from the Board. Respondent acknowledges that his state license has lapsed and he is hereby agreeing not to seek renewal of the license, nor to apply for any authorization, license, certification or registration with the Board in the future.
4. On or about February 28<sup>th</sup>, 2005 Respondent appraised real property located at 2553 Harvest Lane, Fort Worth, Tarrant County, Texas ("the Harvest Lane property) for the client, First Capital Investments.
5. On or about March 18<sup>th</sup>, 2005 Respondent appraised real property located at 122 Fossil Creek Circle, Sherman, Texas ("the Fossil property) for the client, Alethes, LLC d/b/a Amerinet Mortgage.
6. On or about March 30<sup>th</sup>, 2005, the Complainant, Kim Poppe, filed a complaint with the Board. The Complainant asserted that the Respondent had produced a purposefully inflated appraisal for the Harvest Lane property. On or about November 15<sup>th</sup>, 2006, the Complainant, Jack McComb, filed a staff-initiated complaint with the Board. This complaint was based upon information submitted by Dan R. Gomez, Jr.,

the Director of the Processing and Underwriting Division of the United States Department of Housing and Urban Development ("HUD"). HUD asserted that Respondent had violated provisions of USPAP in his appraisal of the Fossil property.

7. On or about April 13<sup>th</sup>, 2005 and June 6<sup>th</sup>, 2005 and November 28<sup>th</sup>, 2006 the Board, in accordance with the mandate of the Administrative Procedure Act (the APA), TEX. GOV'T CODE ANN. § 2001, and TEX. OCC. CODE CHPT. 1103, notified Respondent of the nature of the accusations involved and Respondent was afforded an opportunity to respond to the accusations in both complaints. Respondent's response to both complaints was received.

8. The Enforcement Division has concluded that the Respondent violated 22 TEX. ADMIN. CODE §§ 153.20(a)(3) and 155.1(a) by the following acts or omissions which did not conform to USPAP in effect at the time of the appraisal report for the Harvest Lane property:

- a. USPAP Ethics Rule – Respondent failed to comply with the record keeping provisions of USPAP's Ethics Rule;
- b. USPAP Standards 2-2(b) – Respondent failed to prominently state the report option he used;
- c. USPAP Standards 1-2(b) & 2-2(b)(ii) – Respondent has failed to identify the intended use of his opinions and conclusions;
- d. USPAP Standards 1-2(e)(i) & 2-2(b)(iii) – Respondent has failed to identify and report the Harvest Lane property's site description adequately;
- e. USPAP Standards 1-2(e)(i) & 2-2(b)(iii) – Respondent has failed to identify and report the Harvest Lane property's improvement(s) description adequately;
- f. USPAP Standards 1-2(e)(iv) & 2-2(b)(ix) and 1-3(a) & 2-2(b)(ix) – Respondent did not consider and report the specific zoning for the Harvest Lane property;
- g. USPAP Standards 1-3(b) & 2-2(b)(x) – Respondent has failed to provide a brief summary of his rationale for his determination of the Harvest Lane property's highest and best use;
- h. USPAP Standards 1-4(b)(i) & 2-2(b)(ix) – Respondent has failed to use an appropriate method or technique to develop an opinion of the Harvest Lane property's site value;

- i. USPAP Standards 1-4(b)(ii) & 2-2(b)(ix) – Respondent has failed to collect, verify, analyze and reconcile the cost new of improvements;
- j. USPAP Standards 1-4(b)(iii) & 2-2(b)(ix) – Respondent has failed to collect, verify, analyze and reconcile accrued depreciations;
- k. USPAP Standards 1-1(a) & 1-4(b) – Respondent has not employed recognized methods and techniques in his cost approach analysis of the Harvest Lane property correctly;
- l. USPAP Standards 1-4(a) & 2-2(b)(ix) – Respondent has not collected, verified, analyzed and reconciled comparable sales data adequately;
- m. USPAP Standards 1-1(a) & 1-4(a) – Respondent has not employed recognized methods and techniques correctly;
- n. USPAP Standards 1-5(a) & 2-2(b)(ix) – Respondent has failed to analyze all agreements of sale, options or listings of the Harvest Lane property current as of the effective date of the appraisal;
- o. USPAP Standards 1-6(a) & (b) & 2-2(b)(ix) – Respondent has failed to reconcile the quality and quantity of the data within the approaches used, and the applicability or suitability of the approaches;
- p. USPAP Standard 1-1(a) – Respondent has not correctly employed recognized methods and techniques to produce a credible appraisal for the Harvest Lane property;
- q. USPAP Standard 1-1(b) – Respondent has committed substantial errors of omission or commission that significantly affects his appraisal of the Harvest Lane property;
- r. USPAP Standard 1-1(c) – Respondent has rendered careless or negligent appraisal services;
- s. USPAP Standard 2-1(a) – Respondent has failed to clearly and accurately set forth the appraisal of the Harvest Lane property in a manner that will not be misleading to users of the report; and,
- t. USPAP Standard 2-1(b) – Respondent has failed to provide sufficient information in his Harvest Lane appraisal report for intended users to understand the report properly.

9. The Enforcement Division has concluded that the Respondent violated 22 TEX. ADMIN. CODE §§ 153.20(a)(3) and 155.1(a) by the following acts or omissions which did not conform to USPAP in effect at the time of the appraisal report for the Fossil property:

- a. USPAP Supplemental Standards Rule – Respondent has failed to adhere to supplemental standards that were imposed by HUD;
- b. USPAP Standards 1-3(a) & 2-2(b)(ix) – Respondent failed to properly report the Fossil property's specific zoning;
- c. USPAP Standards 1-2(e)(i) & 2-2(b)(iii) – Respondent failed to identify and report the site description adequately;
- d. USPAP Standards 1-2(e)(i) & 2-2(b)(iii) – Respondent has failed to identify and report the improvement(s) description adequately;
- e. USPAP Standards 1-4(b)(iii) & 2-2(b)(ix) – Respondent has failed to collect, verify, analyze and reconcile accrued depreciations;
- f. USPAP Standards 1-4(a) & 2-2(b)(ix) – Respondent has failed to adequately collect, verify, analyze and reconcile comparable sales data;
- g. USPAP Standards 1-1(a) & 1-4(a) – Respondent has failed to employ recognized methods and techniques in his sales comparison approach correctly;
- h. USPAP Standards 1-5(a) & 2-2(b)(ix) – Respondent has failed to analyze the agreement of sales and listings of the Fossil property;

10. The Enforcement Division concluded that the Respondent violated 22 TEX. ADMIN. CODE § 153.20(a)(9) by making material misrepresentations and omissions of material facts in the appraisal report for the properties. These material misrepresentations and omissions of material fact include: (1) failing to analyze and disclose the contract of sale and listing history of the Harvest Lane and Fossil properties, and (2) omitting more appropriate, more comparable properties from the sales comparison analysis of the Harvest Lane property even though these more similar sales were in the immediate neighborhood, readily available and should have been used to produce a credible appraisal report.

#### CONCLUSIONS OF LAW

- 1. The Texas Appraiser Licensing and Certification Board has jurisdiction over this matter pursuant to the Texas Appraiser Licensing and Certification Act, TEX. OCC. CODE § 1103 et. seq.
- 2. Respondent violated the following USPAP provisions as prohibited by 22 TEX. ADMIN. CODE §§ 153.20(a)(3) and 155.1(a): USPAP Ethics Rule; USPAP Supplemental Standards Rule; USPAP Standards Rules: 2-2(b); 1-2(b) & 2-2(b)(ii); 1-2(e)(i) & 2-2(b)(iii); 1-2(e)(iv) & 2-2(b)(ix); 1-3(a) & 2-2(b)(ix); 1-3(b) & 2-

2(b)(x); 1-4(b)(i) & 2-2(b)(ix); 1-4(b)(ii) & 2-2(b)(ix); 1-4(b)(iii) & 2-2(b)(ix); 1-1(a) & 1-4(b); 1-4(a) & 2-2(b)(ix); 1-1(a) & 1-4(a); 1-5(a) & 2-2(b)(ix); 1-6(a) & (b) & 2-2(b)(ix); 1-1(a); 1-1(b); 1-1(c); 2-1(a); and, 2-1(b).

3. Respondent violated 22 TEX. ADMIN. CODE §§ 153.20(a)(9) by making material misrepresentations and omissions of material facts.

Based on the above findings of fact and conclusions of law, the Board **ORDERS** that the Respondent:

1. Respondent shall not seek renewal of his license, nor apply to the Board for any authorization, license, certification or registration in the future.

Respondent, by signing this Agreed Final Order, neither admits nor denies that the findings of fact and conclusions of law herein set forth are correct; however, Respondent consents to the entry of this Agreed Order to avoid the expense of litigation and to reach an expeditious resolution of this matter. Respondent also agrees to satisfactorily comply with the mandates of this Agreed Final Order in a timely manner.

Respondent, by signing this Agreed Final Order, waives the Respondent's right to a formal hearing and any right to seek judicial review of this Agreed Final Order. Information about this Agreed Final Order is subject to public information requests and notice of this Agreed Final Order will be published in the Board's newsletter and/or on the Board's web site.

THE DATE OF THIS AGREED FINAL ORDER shall be the date it is executed by the Chairperson of the Texas Appraiser Licensing and Certification Board. The Chairperson has been delegated the authority to sign this Consent Order by the Texas Appraiser Licensing and Certification Board vote.

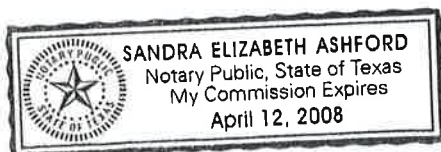
Signed this 26th day of November, 2007.

  
JOSHUA STONE BAUGHER


SWORN TO AND SUBSCRIBED BEFORE ME, the undersigned, on this the 26th day of November, 2007, by JOSHUA STONE BAUGHER, to certify which, witness my hand and official seal.

  
Notary Public Signature


Sandra Elizabeth Ashford  
Notary Public's Printed Name



Signed by the Commissioner this 11<sup>th</sup> day of January, ~~2007~~ <sup>2008</sup>

  
Timothy K. Irvine, Commissioner  
Texas Appraiser Licensing and Certification Board

Approved by the Board and Signed this 15 day of January, 2007. <sup>8</sup>

  
Larry Kokel, Chairperson  
Texas Appraiser Licensing and Certification Board